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MILES CITY, MONTANA

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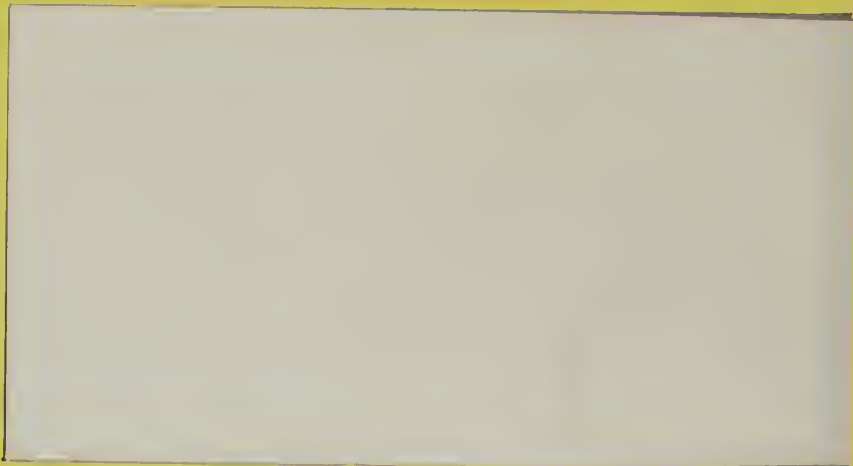
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MILES COMMUNITY COLLEGE
MILES CITY, MONTANA

Identification Number 1-816000208-A1

Financial Statements of
National Direct Student Loan Program,
College Work-Study Program, and
Supplemental Educational Opportunity Grants Program

(With Auditor's Report Thereon)

For the Two Years Ended June 30, 1982

MILES COMMUNITY COLLEGE
 CAMPUS BASED STUDENT FINANCIAL AID PROGRAMS
 AUDIT REPORT
 For Period Ended June 30, 1982

TABLE OF CONTENTS

	Page
Legislative Auditor's Transmittal Letter.....	i
Part I - Introduction:	
Background.....	1
Scope of Audit.....	2
Part II - Highlights of Audit Results.....	3
Part III - Financial:	
Auditor's Opinion Letter.....	4
Financial Statements:	
Balance Sheet - NDSL.....	6
Statement of Changes in Fund Balance - NDSL.....	7
Balance Sheet - College Work Study.....	8
Statement of Changes in Fund Balance - College Work Study.....	9
Balance Sheet - SOEG.....	10
Statement of Changes in Fund Balance - SEOG.....	11
Notes to Financial Statements.....	12
Analysis of Student Loans Receivable - NDSL.....	13
Computation of Default Rate - NDSL.....	14
Analysis of Cash Flow - NDSL.....	15
Schedule of Administrative Cost Allowance.....	16
Part IV - Auditors' Conclusions on Internal Accounting and Administrative Controls and Compliance.....	17
Auditors' Findings and Recommendations.....	17
Grantee's Response to Findings and Recommendations....	18
Prior Audit Reports.....	19

STATE OF MONTANA

Office of the Legislative Auditor

STATE CAPITOL
HELENA, MONTANA 59620
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ROBERT R. RINGWOOD
LEGISLATIVE AUDITOR

DEPUTY LEGISLATIVE AUDITORS:

JAMES H. GILLET
FINANCIAL/COMPLIANCE
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SCOTT A. SEACAT
PERFORMANCE/SUNSET AUDITS

STAFF LEGAL COUNSEL
JOHN W. NORTHEY

December 6, 1982

The Legislative Audit Committee
of the Montana State Legislature:

Enclosed is the report on the audit of Miles Community College for
the two fiscal years ended June 30, 1982.

The audit was conducted by Haas and Associates, PSC, under a con-
tract between the firm and our office. The comments and recom-
mendations contained in this report represent the views of the firm
and not necessarily the Legislative Auditor.

The agency's written response to the report recommendations is
included in the back of the audit report.

Respectfully submitted,

Robert R. Ringwood
Robert R. Ringwood
Legislative Auditor

Part I - Introduction

The period covered by the audit of the National Direct Student Loan, College Work-Study, and Supplemental Educational Opportunity Grants financial aid programs at Miles Community College in Miles City Montana, is from July 1, 1980 through June 30, 1982. Our examination was directed toward the objectives set forth in the audit guide dated June, 1980, prepared by the Department of Education.

Background

National Direct Student Loan (NDSL) Program

The National Direct Student Loan Program at Miles Community College was established in 1971 under Title II of the National Defense Education Act of 1958, which was transferred in 1972 to Part E of Title IV of the Higher Education Act of 1965. Funds in the amount of \$109,424 have been advanced to 179 students. Of loans receivable in the repayment status, approximately 36 percent of the amounts receivable are in default.

College Work-Study (CWS) Program

The College Work-Study Program at Miles Community College was established in 1966 under Title IV, Part C, of the Higher Education Act of 1965, as amended. During the two year period ended June 30, 1982, total dollar value of Federal and Institutional expenditures under the program totaled \$18,409. During the two year period, 34 students participated in the program. The authorization award letters to the College were \$9,277 and \$8,216 for the years ending June 30, 1981 and 1982, respectively.

Supplemental Educational Opportunity Grants (SEOG) Program

The Supplemental Educational Opportunity Grants Program at Miles Community College was established in 1973 under the Title IV, Part A, of the Higher Education Act of 1965, as amended. Federal expenditures under the program during the two-year period ended June 30, 1982, totaled \$44,149 with 87 students receiving aid under this program. The authorization award letters to the College were \$19,456 and \$24,768 for the years ending June 30, 1981 and June 30, 1982 respectively.

Basic Educational Opportunity Grant (BEOG) Program

The College entered into an agreement with the Office of Education in August, 1973, to participate in the BEOG Program. This program provides eligible students with a foundation of financial aid to help defray the costs of postsecondary education. Program funds of \$95,873 were authorized for the 1980/81 academic year; and \$91,211 for 1981/82. During this period, \$187,084 was expended for the Basic Grant Awards to 305 students.

Other

College officials responsible for overall administration of the programs are the Business Office and the financial aid director, Mr. Dale Oberlander, and his staff.

The Financial Aid Office is responsible for application processing and loan approvals, as well as the College's compliance with the various regulations governing the College's participation in Federal and state student financial aid programs.

The Business Office is responsible for the programs' financial management, general ledger accounting, payments and collections.

During the two-year period ended June 30, 1982, the College disbursed other student financial aid funds of \$58,283.

Scope of Audit

Our audit of the National Direct Student Loan Program, College Work-Study Program and Supplemental Educational Opportunity Grants Program was performed in accordance with the financial and compliance elements of the Standards for Audit of Governmental Organizations, Programs, Activities and Functions issued by the Comptroller General 1981 Revision, and the audit guide prescribed by the Department of Education, dated June, 1980. The purpose of the audit was to formulate an opinion on the basic financial statements as a whole and to determine if these programs were administered in accordance with applicable laws, regulations, terms of agreements, and ED directives which are set forth in the audit guide. The audit included:

1. Expressing an opinion on the balance sheet, related statement of changes in fund balances, and supplementary schedules.
2. Evaluation of the Institution's policies, procedures, and practices used to administer the programs.
3. Determination of compliance with applicable sections of the acts, related Federal regulations, and Department of Education policies and procedures.
4. Evaluation of the Institution's systems of internal control, accounting, and reporting, and the controls maintained in the operation of and accounting for the funds provided for the programs.
5. Reconciliation of the information reported on the appropriate financial statements with ED Form 646 for the years audited.

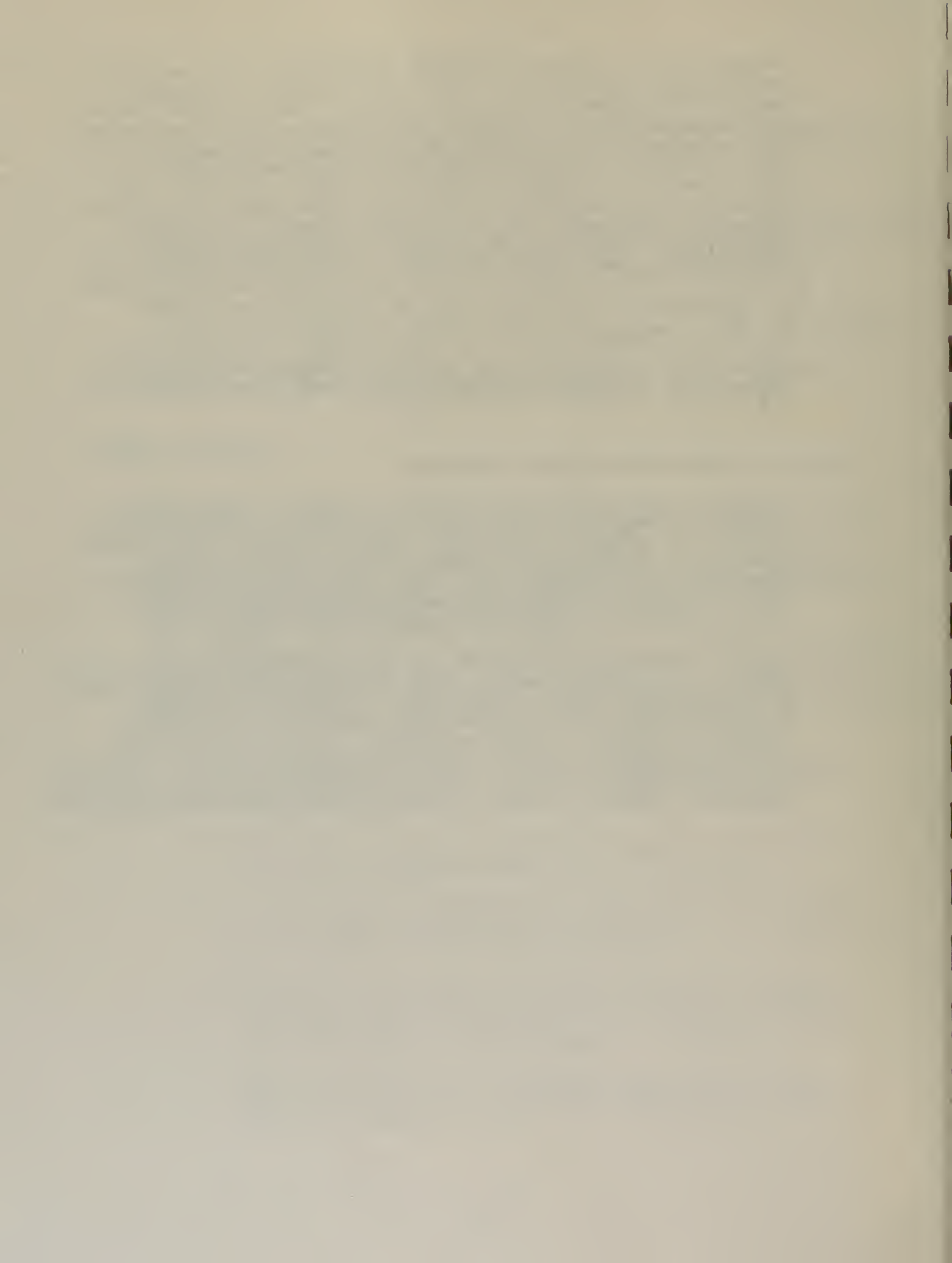
As part of our audit we obtained confirmation from selected students on SEOG awards, student participation in the CWS Program and student NDSL loan balances. We mailed 29 requests for confirmations to students participating in the programs and attempted to make telephone or personal contact with 30 other students. This is approximately 10 percent of the total number of students receiving student aid funds. We received 12 confirmation replies from the students of which 11 were in agreement and 1 response was not in agreement. This difference was resolved with no adjustment required to the College's accounting records. 21 confirmations were not returned by the students or were returned by the Post Office as undeliverable, and 26 could not otherwise be reached.

The audit covered the period July 1, 1980 through June 30, 1982, and the fieldwork was performed during the months of June through November of 1982 at the Institution's business and student financial aid offices.

Part II - Highlights of Audit Results

Our unqualified opinion on the basic financial statements appears elsewhere in this report. During our audit nothing came to our attention which caused us to believe that Miles Community College had not generally administered its financial aid programs (NDSL, CWS, and SEOG) in accordance with the Federal regulations and directives cited in the Audit Guide for the NDSL, CWS and SEOG Programs.

However, certain areas of the College's management of student aid programs were in need of improvement, specifically (1) to develop a better procedure for monitoring student work schedules and class schedules, and (2) to regularly reconcile federal reports and student note files with the accounting records. These conditions are discussed in greater detail on pages and . The College has agreed to make the necessary changes to comply with the foregoing recommendations.



DOWNTOWN PROFESSIONAL CENTER
314 NORTH LAST CHANCE GULCH

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(406) 443-6200
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HELENA, MONTANA 59624

Part III - Financial

Auditors' Report on Financial Statements and Schedules

11/23/82 (as to note on pg 11, 12-10-82)

Miles Community College
Miles City, Montana

We have examined the balance sheets of the National Direct Student Loan (NDSL), College Work-Study (CWS), and Supplemental Educational Opportunity Grants (SEOG) Programs of Miles Community College as of June 30, 1982, and the related statements of changes in fund balances for the two-year period then ended. Our examination was made in accordance with generally accepted auditing standards and in accordance with generally accepted government auditing standards for financial and compliance audits. Accordingly, we conducted such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. The Guide for Audits of NDSL, CWS, and SEOG Programs, Department of Education, dated June, 1980, was used as a guide in the examination. We did not examine cumulative information for the period from July 1, 1971 through June 30, 1980 presented in the statement of changes in fund balances and in the supplemental schedule of student loans receivable. Capital contributions made prior to July 1, 1980 and included in the statement of changes in fund balances represent 100 percent of total capital contributions made through June 30, 1982. Funds advanced to students prior to July 1, 1980 and included in the supplemental schedule represent 77 percent of total advances made through June 30, 1982. These cumulative figures were examined by other auditors, whose report thereon has been furnished to us, and our opinion expressed herein, insofar as it relates to the activity prior to July 1, 1980 and included in the aforementioned statement and schedule, is based solely upon the report of the other auditors.

In our opinion, based upon our examination and the report of other auditors, the aforementioned financial statements present fairly the financial position of the NDSL, CWS, and SEOG Programs of Miles Community College at June 30, 1982, and the changes in their fund balances for the two-year period then ended, in conformity with generally accepted accounting principles which have been applied on a basis consistent with that of the preceding period.

The examination referred to above was directed primarily toward formulating an opinion on the aforementioned financial statements as of, and for the two years ended June 30, 1982, taken as a whole. The supplemental data included in Schedules 1 through 4 of this report are presented for supplementary analysis purposes, and are not considered necessary for a fair presentation of financial position and changes in fund balances for the two years then ended.

The information contained in Schedules 1 through 4 except for the cumulative information in Schedules 1 and 2, was subjected to the same auditing procedures applied in our examination of the basic financial statements, and is, in our opinion, fairly stated in all material respects only when considered in conjunction with the financial statements of the NDSL Program (Exhibits A and A-1) taken as a whole. The cumulative information in Schedules 1 and 2 is based in part on our examination and the report of other auditors. (See first paragraph of this report.) In our opinion, based upon our examination and the report of other auditors, the cumulative information in Schedules 1 and 2 is fairly stated in all material respects only when considered in conjunction with the financial statements of the NDSL Program (Exhibits A and A-1) taken as a whole.

Haas & Associates
HAAS & ASSOCIATES, PSC

MILES COMMUNITY COLLEGE
 NATIONAL DIRECT STUDENT LOAN PROGRAM
 BALANCE SHEET
 June 30, 1982

ASSETS

Cash on Hand and in Depository		3,511
Student Loan Receivable - Schedule I	64,906	
Less: Allowance for Doubtful Accounts	<u>9,168</u>	
Net Student Loans Receivable		55,738
Receivable from Institution		<u>14</u>
 Total Assets		 <u><u>59,263</u></u>

LIABILITIES AND FUND BALANCES

Liabilities		
Funds Payable to Other Funds		<u>500</u>
Total Liabilities		500

Fund Balances (Deficit)

Capital:		
Federal Contribution:		
Authorized		65,660
Repaid		
Balance		<u>65,660</u>
Institutional Contribution:		
Authorized		7,296
Repaid		
Balance		<u>7,296</u>

Noncapital (Deficit)		(14,193)
----------------------	--	----------

Total Fund Balances		<u>58,763</u>
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Total Liabilities and Fund Balances		<u><u>59,263</u></u>
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MILES COMMUNITY COLLEGE
 NATIONAL DIRECT STUDENT LOAN FUND
 STATEMENT OF CHANGES IN FUND BALANCE
 For the Two-Year Period Ended June 30, 1982,
 and the Period July 1, 1971 through June 30, 1982

	Cumulative For the Period 7/1/71 through 6/30/82		For the Period 7/1/80 through 6/30/82	
	Per OE Report	as Adjusted	Per Inst. Records	as Adjusted
Noncapital Fund Balance				
Additions:				
Interest on Loans - Collected	\$ 2,809	\$ 2,809	\$ 512	\$ 512
Interest on Loans - Cancelled	231	231	92	92
Reimbursement on Loans Cancelled	76	76		
Total Additions	3,116	3,116	604	604
Deductions:				
Loan Principal/Interest Cancelled:				
Teaching Service	768	768	692	692
Bankruptcy	2,568	2,568	-0-	-0-
Total	3,336	3,336	692	692
Administrative Expense	3,720	3,720	446	446
Other Collection Costs	1,086	1,086	92	92
Provision for Doubtful Loans	-0-	9,168	-0-	-0-
Total Deductions	8,142	17,310	1,230	1,230
Net (decrease) for the Period	(5,025)	(14,194)	(626)	(626)
Fund Balance Beginning of Period	-0-	-0-	(13,568)	(13,568)
Noncapital Fund Balance, 6/30/82	(5,025)	(14,194)	(14,194)	(14,194)

Capital Fund Balance:

	C O N T R I B U T I O N S			
	Federal	Institutional	Federal	Institutional
Fund Balance Beginning of Period	-0-	-0-	\$65,660	\$ 7,296
Add Authorized Contributions	\$ 65,660	\$ 7,296	-0-	-0-
Deduct Amounts Repaid	-0-	-0-		
Fund Balance, 6/30/82	65,660	7,296	65,660	7,296

Note: Except for the amount reported for the allowance for doubtful loans and a \$500 adjustment to cash balance and funds payable to other funds, the amounts reported on the Statement of Changes in Fund Balance for the NDSL Program agree with the amounts reported on the Office of Education Fiscal Report. The adjustment to cash and funds payable is required to correct a coding error.

MILES COMMUNITY COLLEGE
COLLEGE WORK-STUDY PROGRAM
BALANCE SHEET
June 30, 1982

Exhibit B

ASSETS

Cash (Overdraft)	\$ (3,078)
Receivable from Federal Government	4,215
Receivable from College	234
Total Assets	<u>1,371</u>

LIABILITIES AND FUND BALANCE

Liabilities	549
Fund Balance	822
Total Liabilities and Fund Balance	<u>1,371</u>

HAAS & ASSOCIATES
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SERVICES CORPORATION

CERTIFIED PUBLIC ACCOUNTANTS
HELENA, MONTANA

The accompanying notes are an integral part of these financial statements.

MILES COMMUNITY COLLEGE
COLLEGE WORK-STUDY PROGRAM
STATEMENT OF CHANGES IN FUND BALANCE
For the Two Year Period Ended June 30, 1982

Additions:	
Total grant award authorization	17,493
Deduct:	
Amount of grant award not requested or deposited	<u>1,237</u>
Balance - Funds provided by Federal Government	16,256
Add - Funds provided by Institution	<u>3,524</u>
Total funds provided	19,780
Deductions:	
Wages:	
On-campus:	
Federal share	14,096
Institution share	3,524
Administrative expense	789
Funds transfered to SEOG	<u>549</u>
Total	<u>18,958</u>
Net (decrease) for the period	
Fund balance, beginning of period	-0-
Fund balance, end of period	822

Note:

The amounts reported on the Statement of Changes in Fund Balance for the CWS Program agree with the amounts reported on the Office of Education Fiscal Report.

MILES COMMUNITY COLLEGE
SUPPLEMENTAL EDUCATIONAL OPPORTUNITY GRANTS PROGRAM
BALANCE SHEET
June 30, 1982

ASSETS

Cash (Overdraft)	\$ (1,789.00)
Grant Receivable	1,240.00
Received from Other Funds	<u>549.00</u>
Total Assets	<u>-0-</u>

LIABILITIES & FUND BALANCE

Liabilities	
Fund Balance	<u>-0-</u>
Total Liabilities & Fund Balance	<u><u>-0-</u></u>

The accompanying notes are an integral part of this financial statement.

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SERVICES CORPORATION

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HELENA, MONTANA

MILES COMMUNITY COLLEGE
 SUPPLEMENTAL EDUCATIONAL OPPORTUNITY GRANTS PROGRAM
 STATEMENT OF CHANGES IN FUND BALANCE
 Year Ended June 30, 1982

ADDITIONS:

Total Grant Award Authorization	\$ 44,773
Deduct Amount of Grant Award Not Requested or Deposited	<u>(224)</u>
Balance - Funds Provided by Federal Government	44,549
Recovery from Students	<u>248</u>
Balance	44,797

DEDUCTIONS:

Initial Awards	28,429
Continuing Awards	14,437
Administrative Expense	<u>1,931</u>
Total	<u>44,797</u>

Increase During the Period	-0-
Fund Balance, Beginning of Year	-0-
Fund Balance, End of Period	-0-

Note: The amounts reported on the Statement of Changes in Fund Balance for the SEOG Program do not agree with the amounts reported on the Office of Education Fiscal Report submitted in July 1982. A corrected report has been filed as of December 10, 1982.

1. Summary of Significant Accounting Policies:

The financial statements of the NDSL, CWS, and SEOG Programs at the College have been prepared in accordance with generally accepted accounting principles and provide for use of the accrual basis of accounting. Except as described in the following paragraph, generally accepted accounting principles are in agreement with the accounting practices prescribed for such programs by the Department of Education in the Terms of Agreement and in fiscal control and fund accounting procedures.

The prescribed practices for the NDSL Program do not provide for accrual of interest on student loans receivable or for the establishment of an allowance for doubtful loans. Accordingly, interest on loans is recorded as received; uncollectible loans are not recognized until the loans are cancelled or written-off in conformity with NDSL Program requirements. These practices do not conform with generally accepted accounting principles.

In order to fully disclose the financial position of the NDSL loan fund, an allowance for doubtful loans is included in the financial statements. The accrued interest at June 30, 1982, is not material relative to total assets and, accordingly, is not recorded in the financial statements. The allowance for doubtful loans is not included in the data submitted on the Fiscal Operation Report for the NDSL Program.

Schedule I

MILES COMMUNITY COLLEGE
 NATIONAL DIRECT STUDENT LOAN FUND
 ANALYSIS OF STUDENT LOANS RECEIVABLE
 For the Two-Year Period Ended June 30, 1982
 and the Period July 1, 1971, through June 30, 1982

	Cumulative For the Period 7/1/71 through 6/30/82 Per OE Report	as Adjusted	For the Period 7/1/80 through 6/30/82 Per Inst. Records	as Adjusted
Student Loans Receivable, Beginning Of Period	-0-	-0-	\$ 63,295	\$ 63,295
Funds Advanced to Students	\$ 109,424	\$ 109,424	11,625	11,625
Total	<u>109,424</u>	<u>109,424</u>	<u>74,920</u>	<u>74,920</u>
Less Credits:				
Collections	41,413	41,413	9,414	9,414
Cancellations:				
Teaching Service	675	675	600	600
Bankruptcy	2,430	2,430	-0-	-0-
Total Credits	<u>44,518</u>	<u>44,518</u>	<u>10,014</u>	<u>10,014</u>
Student Loans Receivable, June 30, 1982	<u>64,906</u>	<u>64,906</u>	<u>64,906</u>	<u>64,906</u>

MILES COMMUNITY COLLEGE
NATIONAL DIRECT STUDENT LOAN PROGRAM
COMPUTATION OF DEFAULT RATE
June 30, 1982

(Cumulative Information)

Principal Outstanding on Loans in Default

Total Amount Advanced on Loans in Default	\$ 39,780
Deduct: Principal Amount Repaid or Cancelled	<u>4,492</u>
Total Remaining Principal Amount Which Has Neither Been Paid Nor Cancelled on All Notes in Default	<u>35,288</u>

Total Amount of Matured Principal

Total Amount Advanced - All Borrowers	\$ <u>109,424</u>
Deduct: Amounts Not in Repayment Status:	
Student Status at Miles Community College	125
Student Status at Other Institutions	-0-
Grace Period (Armed Forces, Peace Corps, Vista, Hardship)	<u>11,775</u>
Total Amounts Not in Repayment Status	<u>11,900</u>
Total Amount of Matured Principal	<u><u>97,524</u></u>

PERCENTAGE OF LOANS IN DEFAULT	<u><u>36.183%</u></u>
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MILES COMMUNITY COLLEGE
 NATIONAL DIRECT STUDENT LOAN PROGRAM
 ANALYSIS OF CASH FLOW
 For the Two-Year Period Ended June 30, 1982

Cash Balance, Beginning of Period		\$ 5,776
Add:		
Federal Contributions	-0-	
College Contributions	-0-	
Reprogrammed Funds:		
Sustained Audit Adjustments		
Program Refunds		
Collections	9,413	
Interest on Loans Collected	<u>512</u>	9,925
Coding Error - Nursing Loans		<u>500</u>
Total Cash Available for the Period		16,201
Fund Applied:		
Funds Advanced to Students	11,625	
Administrative Expenses	445	
Cost of Litigation and Other Collection Costs	92	
Accounts Payable (Net)	<u>528</u>	<u>12,690</u>
Cash Balance, End of Period		<u><u>\$ 3,511</u></u>

MILES COMMUNITY COLLEGE
NATIONAL DIRECT STUDENT LOANS, COLLEGE WORK-STUDY
AND SUPPLEMENTAL EDUCATIONAL OPPORTUNITY GRANTS
SCHEDULE OF ADMINISTRATIVE COST ALLOWANCE
For the Two Year Period Ended June 30, 1982

Schedule IV

Total administrative cost allowance		\$ 3,165
Deduct expenditures related to student consumer information services:		
Preparation of information dissemination topics	\$ 331	
Salaries and wages of employees	<u>14,998</u>	
Total expenditures related to student consumer information service		<u>15,329</u>
Remaining allowance		(12,164)
Deduct expenditures related to administering all Title IV Federal student financial aid programs:		
Salaries	<u>18,820</u>	
Total expenditures directly related to administering all Title IV Federal student financial aid programs		<u>18,820</u>
Remaining allowance		<u><u>\$ (30,984)</u></u>

HAAS & ASSOCIATES
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SERVICES CORPORATION

CERTIFIED PUBLIC ACCOUNTANTS
HELENA, MONTANA

FINDINGS AND RECOMMENDATIONS - Compliance and Internal Accounting and Administrative Controls

COLLEGE WORK STUDY

College work study regulations require detailed time sheets for participants to assure that students are not working during scheduled class times. The College uses adequate time sheets; however, our review indicated that in some instances students may have worked during scheduled class hours. We were told that the time sheets are verified each pay period and the students probably attended different class sections than originally scheduled. However, it was difficult to ascertain if that was the case. An up-to-date student class schedule filed in the student file and readily accessible to the supervisors and reviewers would assure the regulations were being followed. If a student's schedule is subject to change, some other method of documentation should be developed to assure compliance with regulations.

RECOMMENDATION

1) We recommend a copy of each student's class schedule be filed with student time sheets so that reviewers may readily ascertain that college work study students are not working during class hours.

STUDENT FINANCIAL AID ACCOUNTING

The College participates in the federal Student Financial Aid programs and the federal Pell Grant programs which provide financial aid to students while attending college. The program and financial administration of these programs has been assigned to the College Registrar and the Business Office respectively. It appears that annual federal reports have been prepared without reconciliation to the accounting records. A review of the previous audit workpapers indicated that the last federal audit may not have reconciled with the College general audit. The College officials reviewed the accounts and reports and identified adjustments necessary to resolve the problem prior to the completion of our report. The important final process of accounting must always be reconciliation of accounting records, financial statements, and required reports, and we believe it is imperative that the College establish regular reconciling procedures.

As part of our test work we also found that several of the Student NDL loan notes on file had not been canceled and returned to the students when repaid. The file of notes should also be regularly reviewed and reconciled to the accounting records.

RECOMMENDATION

2) We recommend a regular procedure of reconciliation to assure that federal financial aid reports reconcile with the accounting records.

GRANTEE'S RESPONSE TO FINDINGS AND RECOMMENDATIONS - Compliance and Internal Accounting and Administrative Controls

An exit conference was held with Miles Community College officials on November 23, 1982. Officials present were Dr. Judson Flower, President; Mr. Wayne Muri, Business Manager; Ms. Sharon Lofland, Comptroller; and Mr. Dale Oberlander, Financial Aid Director. Their reactions to our findings are as follows:

National Direct Student Loan (NDSL) Programs

The College concurs with our recommendations and will attempt to develop a better method for review of College work study time sheets. They will also work to regularly reconcile federal reports with the accounting records.

Prior Audit Comments

The College did not reconcile the general ledger NDSL Loans receivable account with monthly reports received from its service center.

Staff Support for Student Financial Aid Programs

The financial aid officer and the business manager of the College have major responsibilities in addition to the administration of the student financial aid programs. The Department of Education stated that the College should hire additional staff to relieve the aforementioned employees of some of their responsibilities. The College intends to hire additional staff and has recently employed an additional clerical person.

The delinquency rate on NDSL Loans was approximately 35 percent at June 30, 1980. It was noted the College should make a more conscientious effort in enforcing and monitoring its collection policies.

MILES COMMUNITY COLLEGE

Miles City, Montana

Identification Number 1816000208A1

Financial Statements of
Basic Educational Opportunity Grant Program

(With Auditors' Report Thereon)

November 23, 1982

DOWNTOWN PROFESSIONAL CENTER
314 NORTH LAST CHANCE GULCH

HAAS & ASSOCIATES
RAE M. P.S.C., A PROFESSIONAL
SERVICES CORPORATION

CERTIFIED PUBLIC ACCOUNTANTS
(406) 443-6200
P. O. BOX 198
HELENA, MONTANA 59624

November 23, 1982

Board of Trustees
Miles Community College
Miles City MT 59301

We have examined the Statement of Changes in fund balance of the PELL Grant program of Miles Community College for the two years ended June 30, 1982. Our examination was made in accordance with generally accepted auditing standards and in accordance with generally accepted government auditing standards for financial and compliance audits. Accordingly, we conducted such tests of the accounting records and such other auditing procedures considered necessary in the circumstances. The Guide for Audits of PELL Grant Programs, Department of Education, issued June 1981, was used as a guide in the examination.

In our opinion, the aforementioned financial statements present fairly the changes in the fund balance of Miles Community College, PELL Grant program, for the two years then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding period.

Our examination was made for the purpose of forming an opinion on the statement of changes in fund balance for the year ended June 30, 1982. The information included in Section 3, Column A, Status of Authorization, on the Annual Progress Report (Form 255-3), for the year ended June 30, 1982, presented for purposes of additional analysis and are not a required part of the statement of changes in fund balance. Such information has not been subjected to the audit procedures applied in the examination of the basic financial statements.

Haas & Associates PC

HAAS & ASSOCIATES, PSC

MILES COMMUNITY COLLEGE
STUDENT FINANCIAL AID PROGRAMS

INTRODUCTION

BACKGROUND

The Miles Community College entered into an agreement with the Office of Education in August 1973 to participate in the Basic Educational Opportunity Grant (BEOG) program. This program, now known as the PELL Grant Program, provides eligible students with a foundation of financial aid to help defray the costs of post-secondary education. Program funds, in the amount of \$95,873, were authorized for academic year 1980/81, and \$91,211 for the academic year 1981/82. During this period, \$187,084 was expended for 295 full-time and 10 part-time students. In addition, the institution received, during the two academic years, other Department of Education student financial funds including \$44,549 of Supplemental Educational Opportunity Grant funds and \$16,256 of College Work-Study funds.

SCOPE OF AUDIT

Our examination of the PELL Grant program was performed in accordance with the financial and compliance elements of the Standards for Audit of Governmental Organizations, Programs, Activities, and Functions issued by the Comptroller General of the United States, 1981 Revision, and the prescribed Guide for Audits of PELL Grant Programs dated June 1981. The audit covered the period of July 1, 1980, through June 30, 1982, at the institution's business and student financial aid offices. Our examination included:

- expressing an opinion on the Statement of Changes in Fund Balance;
- ascertaining whether expenditures claimed for federal funding under the PELL Grant authorization on the above financial statements are fairly presented in accordance with generally accepted accounting principles and requirements of the PELL Grant program as set forth in the Guide for Audits of PELL Grant Programs;
- assessing the institution's internal accounting and administrative controls based on the criteria set forth in Sections 3.2 and 3.3 of the ED Audit Guide; and
- determining whether the PELL Grant program was administered in compliance with applicable laws, regulations, and Department of Education instructions as identified in Sections 3.2 and 3.3 of the Ed Audit Guide and the terms of agreement.

HIGHLIGHTS OF AUDIT RESULTS

Our unqualified opinion on the financial statements appears elsewhere in this report. During our examination, nothing came to our attention which caused us to believe that the Miles Community College had not generally administered the PELL Grant program in accordance with the law, federal regulations and ED directives.

Part IV - Internal Accounting and Administrative Controls and Compliance

Auditors' Conclusions on Internal Accounting and Administrative Controls and Compliance

Miles Community College
Miles City, Montana

We have examined the statement of changes in fund balance on the PELL Grant Program, for the two years ended June 30, 1982. Our opinion on the above statements is on page . As a part of our examination, we have made a study of the College's system of internal accounting control to the extent we considered necessary to evaluate the system as required by the financial and compliance elements of the Standards for Audit of Governmental Organizations, Programs, Activities and Functions issued by the Comptroller General (1981 revision). The purpose of our study and evaluation was to determine the nature, timing, and extent of the auditing procedures necessary for expressing an opinion on the above financial statements. Our study and evaluation was more limited than would be necessary to express an opinion on the system of internal accounting control taken as a whole.

We have also made a study of those internal accounting control and administrative control procedures of Miles Community College that we considered relevant to the criteria established by the Department of Education as set forth in Sections 3.2 and 3.3 of the Audit Guide issued June 1981. Our study included tests of compliance with such procedures during the period from July 1, 1980, through June 30, 1982.

The management of Miles Community College is responsible for establishing and maintaining a system of internal accounting control. In fulfilling the responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of a system are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles.

Because of inherent limitations in any system of internal accounting control, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

Our study and evaluation made for the limited purpose described in the first paragraph would not necessarily disclose all material weaknesses in the system. Accordingly, we do not express an opinion on the system of internal accounting control of Miles Community College taken as a whole.

We understand that procedures in conformity with the criteria referred to in the second paragraph of this report are considered by the Department of Education to be adequate for its purposes in accordance with the provisions of the Higher Education Act of 1965 and related regulations, and that procedures not in conformity with those criteria indicate some inadequacy for such purpose. Based on this understanding and our study and evaluation, we noted no conditions that we believe to be material weaknesses, in relation to the grant to which this report refers, except for the conditions described on pages through of this report. In addition to those weaknesses, other conditions that we believe are not in conformity with the criteria referred to above are described on pages through of this report. These conditions were considered in determining the nature, timing, and extent of the audit tests to be applied in our examination of the above financial statement, and this report does not affect our report on the financial statement contained on page of this report.

This report is intended for the information of Miles Community College and the Department of Education and should not be used for any other purpose.

Part V - Prior Audit Comments

Findings and Recommendations - Compliance and/or Financial

As part of our test work we also found that several of the Student NDL loan notes on file had not been cancelled and returned to the students when repaid. The file of notes should also be regularly reviewed and reconciled to the accounting records.

Program Refunds

The College should establish a standardized form to compute refunds that must be restored to the BEOG Program.

HELENA COMMUNITY COLLEGE
BASIC EDUCATIONAL OPPORTUNITY GRANT PROGRAM
STATEMENT OF CHANGES IN FUND BALANCE
For the Period July 1, 1980, through June 30, 1981

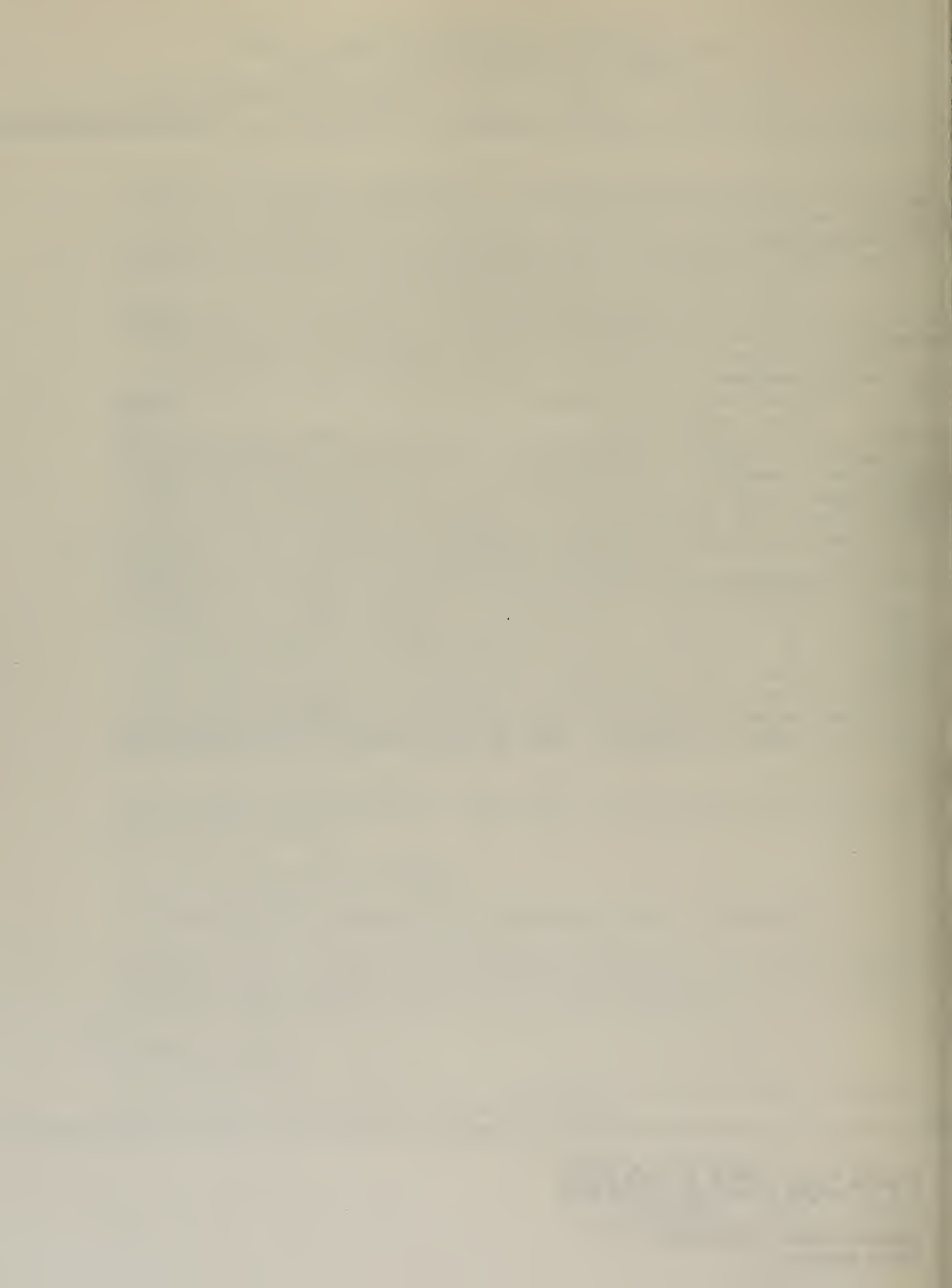
Exhibit A

Additions:	
Current OE approved authorization	\$ 98,711
Less: Funds not requested from DFAFS or placed in BEOG cash account	<u>2,838</u>
Total funds provided	<u>95,873</u>
Deductions:	
Gross awards to students	96,969
Less: Recoveries	<u>1,096</u>
Total deductions	<u>95,873</u>
Net change for the period	-0-
Fund balance, beginning of period	<u>-0-</u>
Fund balance, end of period	<u><u>\$ -0-</u></u>

The amounts reported on this statement agree with the amounts reported on Exhibit B, Final Progress Report for June 30, 1981.

HAAS & ASSOCIATES
RAE M. P.S.C. A PROFESSIONAL
SERVICES CORPORATION

CERTIFIED PUBLIC ACCOUNTANTS
HELENA, MONTANA





1. BEOG ID NO.: 002520
2. EIN NO.: 1516000200A1

(27) 3. Report for: (Check One Box Only)
1 Oct. 31 2 Feb. 28 3 June 30
4 AD HOC Request for Change in current DE Approved Authorization
(Use between reporting periods 7/1/80 thru 6/30/81)
5 June Revised (Use only if June 30 report previously filed)

SECTION I: GENERAL INFORMATION (Complete only if information below is incomplete or incorrect)

4. Institution NAME and ADDRESS
MILES COMMUNITY COLLEGE
2715 DICKINSON
MILES CITY MT 59301
 Check here when NAME and/or ADDRESS has been changed and indicate changes below:
5. Official responsible for this PROGRESS REPORT (Sign item 10)
5. Name: W. WAYNE MURI
6. Title: BUSINESS MANAGER
7. Phone: (406) 232-3031

(29-34) 8 Date of Submission: 7/28/81
mo. day year
(35-42) 9A. Amount for 1980-81 Part-time BEOG recipients \$ 1,554
(43-48) 9B. No. of 1980-81 Part-time BEOG recipients 4
(49) 10 SIGNATURE W. Wayne Muri
WARNING: Any person who knowingly makes a false statement or misrepresentation on this form may be subject to a fine of up to \$10,000 or to imprisonment of up to 5 years or to both under provisions of the United States Criminal Code. Such provisions may include, among others 18 U.S.C. 1001.

SECTION II: (Complete only if information below is incomplete or incorrect)

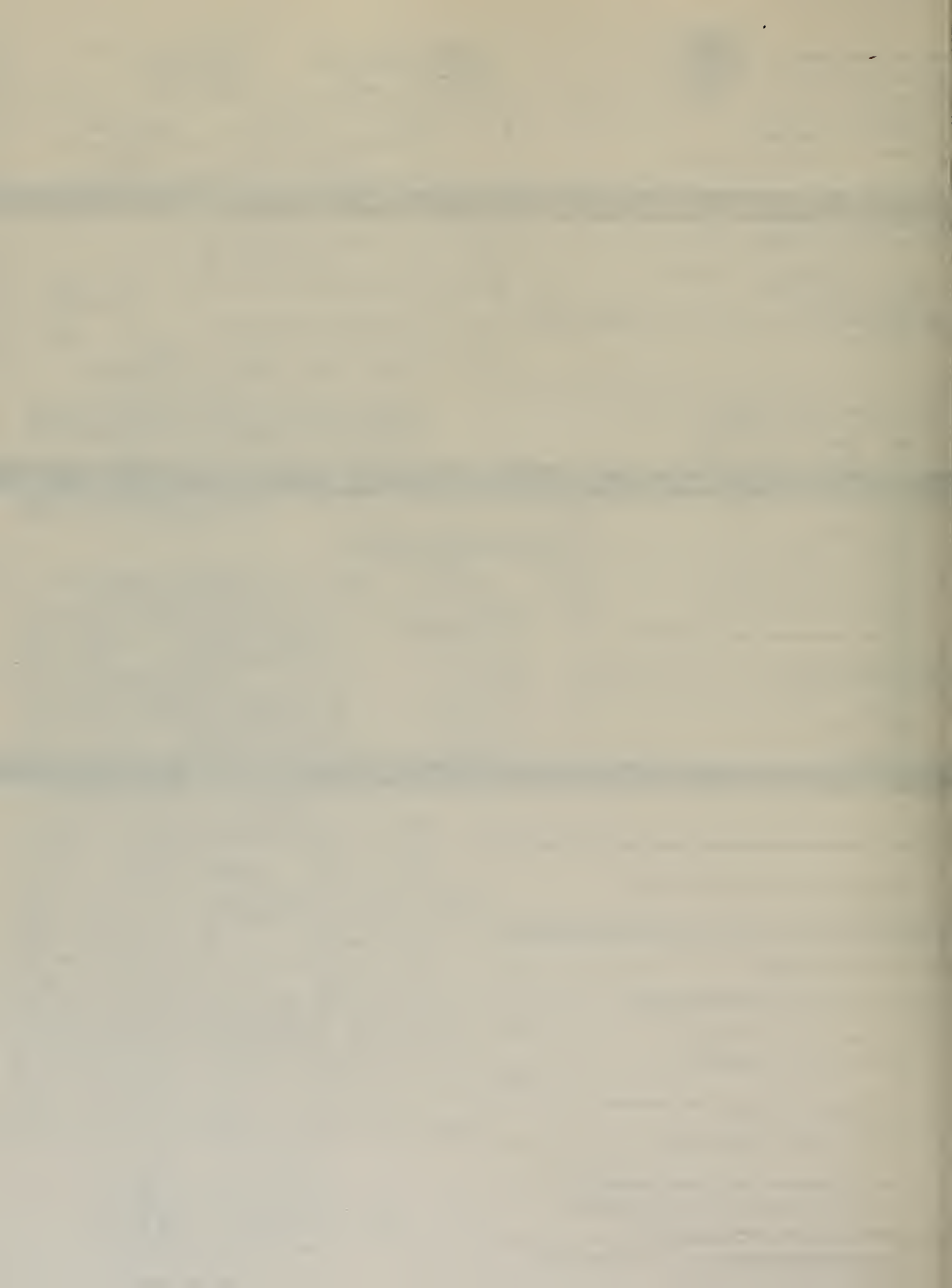
11. Type of institution: 2-YEARS
1 Less than one year
2 One year but less than two years
3 Two years but less than three years
4 Three years but less than four years
5 Four years (baccalaureate degree granting only)
6 Five years or more
12. Control: PUBLIC
1 Public
2 Private, nonprofit
3 Proprietary

13. U.S. Congressional District: (52-54) 002
1980-81 Undergraduate Enrollment
14. Full-time: (55-60) 274
15. Part-time: (64-69) 583
(73) 16. Term Type:
1 Credit Hour
2 Quarter
3 Semester
4 Trimester
5 Clock Hour

(74-75) 17. Length of Academic Year (from 7/1/80 to 6/30/81) or equivalent on which charges below are based.
10 months
18. Average Institutional Charges per Full-time Undergraduate Student: For 1980-81
(9-16) Tuition and Fees (In-State) A. \$ 410
(17-24) Room (On-Campus) B. \$
(25-32) Board (On-Campus) C. \$
For 1981-82 (Estimated)
(33-40) Tuition and Fees (In-State) D. \$ 410
(41-48) Room (On-Campus) E. \$
(49-56) Board (On-Campus) F. \$

SECTION III: STATUS OF AUTHORIZATION (See instructions. Show dollars only. Do NOT show cents.)

	Amount (A)	No. of BEOG Recipients (B)
19. Gross Expenditures (actual payments to students to date for current award period) (3)(7)(9-16) 19.	\$ 96,969	(17-24) 153
20. Less Recoveries (to date for current award period only) (25-32) 20.	\$ 1,096	(33-40) 9
21. Net Expenditures (41-48) 19 - 20 = 21.	\$ 95,873	
ESTIMATED DEMAND FOR ADDITIONAL FUNDS (for remainder of current award period):		
22. Amount for Present Recipients (57-64) 22.	\$ 0	
23. Amount for Additional Recipients Expected to Qualify (65-72) 23.	\$ 0	(73-80) 0
24. Total Estimated Expenditures and Recipients (4)(7)(9-16) 21 + 22 + 23 = 24A. (for ENTIRE award period: 7/1/80 - 6/30/81) 19B + 23B = 24B.	\$ 95,873	(17-24) 153
25. Current DE Approved Authorization per USDE records as of (for award period 7/1/80 - 6/30/81) 03/30/81 (25-32) 24-25 = 25.	\$ 92,950	
26. Institution's Estimated Authorization Adjustment (33-40) 24 - 25 = 26.	\$ + 2,923	
27. Number of Student Eligibility Reports Previously Submitted (41-48) 27.		143
28. Number of Student Eligibility Reports Submitted with this Report (49-56) 28.		10
29. Total Number of Student Eligibility Reports Submitted (57-64) 27 + 28 = 29.		153
30. Enter Number of SER's On-Hand But Not Yet Paid (also, Amount and SER Count should be included in Item 23A and B) (73-80) 30.		0



MILES COMMUNITY COLLEGE
BASIC EDUCATIONAL OPPORTUNITY GRANT PROGRAM
STATEMENT OF CHANGES IN FUND BALANCE
For the Award Period July 1, 1981, through June 30, 1982

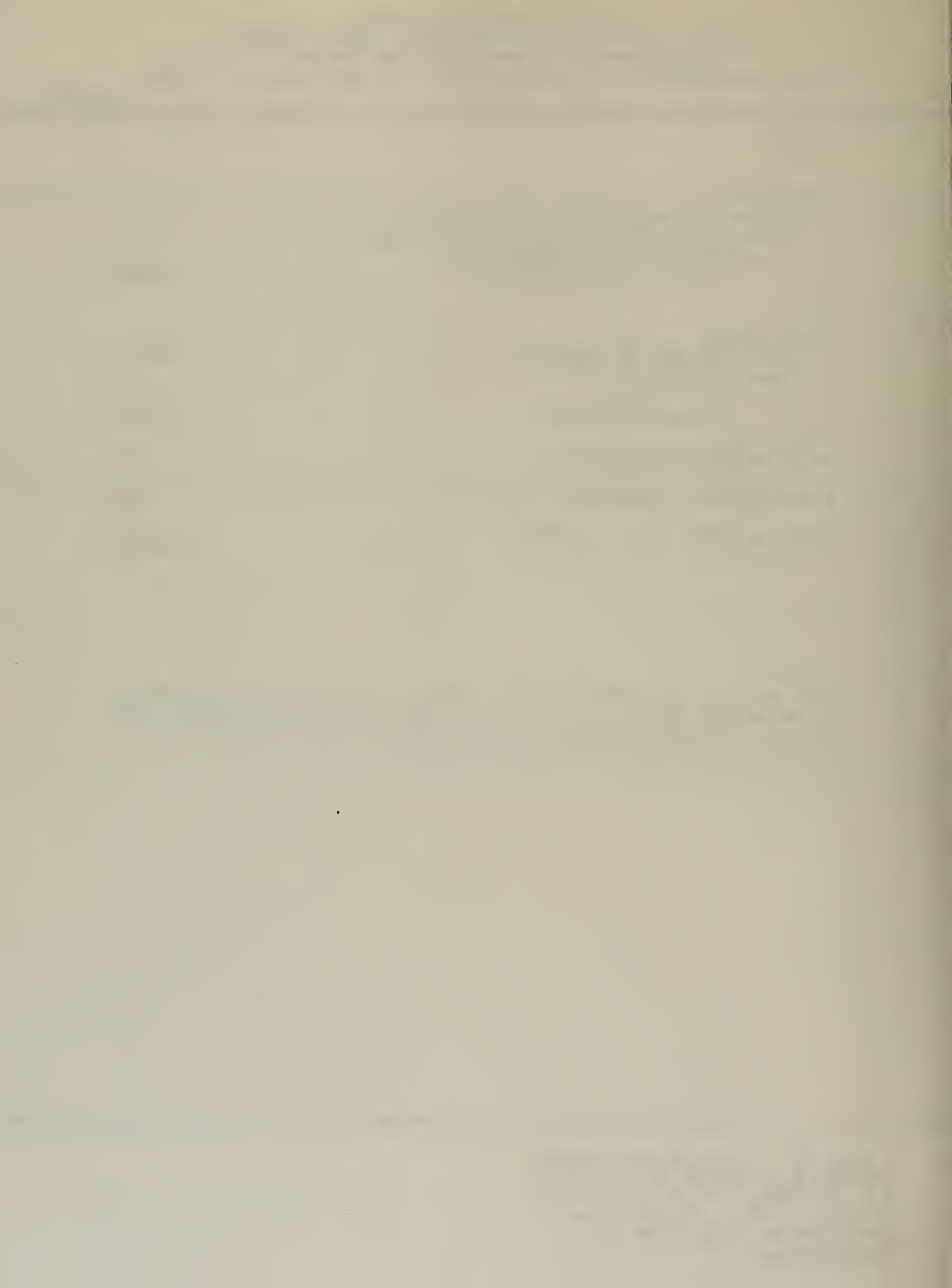
Exhibit C

Additions:	
Current OE approved authorization	\$ 91,587
Less: Funds not requested from DFAFS or placed in BEOG cash account	<u>-0-</u>
Total funds provided	<u>91,587</u>
Deductions:	
Gross awards to students	92,113
Less: Recoveries	<u>526</u>
Total deductions	<u>91,587</u>
Net change for the period	-0-
Fund balance, beginning of period	<u>-0-</u>
Fund balance, end of period	<u>\$ -0-</u>

The amounts reported on this statement agree with the amounts reported on Exhibit D, Final Progress Report of June 30, 1982. Penciled figures included on the Final Progress Report are revisions subsequent to June 30, 1982.

HAAS & ASSOCIATES
RAE M. P.S.C. A PROFESSIONAL
SERVICES CORPORATION

CERTIFIED PUBLIC ACCOUNTANTS
HELENA, MONTANA





**U.S. DEPARTMENT OF EDUCATION
OFFICE OF
POSTSECONDARY EDUCATION
FORM APPROVED
FEDAC No. R 148**

**BASIC EDUCATIONAL OPPORTUNITY GRANTS
1981-82 AWARD PERIOD**

PLEASE READ INSTRUCTIONS BEFORE COMPLETING THIS FORM
SECTION I: GENERAL INFORMATION (Complete only if information below is incomplete or incorrect)

EXHIBIT D

BEQG ID NO.: 002500

ENTITY NO.: 181600000843

Institution NAME and ADDRESS:

MILES COMMUNITY COLLEGE
2713 DICKINSON
MILES CITY MT 59201

Check here when NAME and/or ADDRESS has been changed and indicate changes below.

Type of Institution: 1 Less than one year 2 One year but less than two years 3 Two years but less than three years
2-YEARS 4 Three years but less than four years 5 Four years (baccalaureate degree only) 6 Five years or more

Financial Control: 1 Public 2 Private, nonprofit 3 Proprietary
PUBLIC

1981-82 Undergraduate Enrollment: A. Full-time: 274 B. Part-time: 553

Term Type: 1 Credit Hour 2 Quarter 3 Semester
QUARTER 4 Trimester 5 Clock Hour

Length of Academic Year (from 7/1/81 to 6/30/82) on which charges below are based: 10 MONTHS

Average Charges per Full-time Undergraduate Student:	A. Tuition and Fees (In-State)	\$	413	D. \$
	B. Room (On-Campus)	\$		E. \$
	C. Board (On-Campus)	\$		F. \$

SECTION II: REPORT OF EXPENDITURES AND RECIPIENTS

Report for: (Check One Box Only)

1 October 31 2 February 28 3 June 30
4 AD HOC Change in ED Approved Authorization (Use between reporting periods) 5 Revised June 30 (Use only if June 30 report previously filed)

Date report prepared: 07 / 19 / 92

(A) Amount (DOLLARS ONLY) (B) BEOG Recipients

Gross Expenditures (actual payments to students to date for current award period)

Less Recoveries (to date for current award period only)

Net Expenditures (to date for current award period only)

Additional Amount for Present Recipients (for remainder of current award period)

Estimated Additional Expenditures and Recipients (for remainder of current award period)

Total Estimated Expenditures and Recipients (for ENTIRE award period: 7/1/81 - 6/30/82)

Current ED Approved Authorization as of: 07/26/92

Institution's Requested Authorization Adjustment

Part-time students Expenditures and Recipients (for ENTIRE award period)

1. Number of Student Eligibility Reports Previously Submitted

2. Number of Student Eligibility Reports Submitted with this Report

3. Total Number of Student Eligibility Reports Submitted

4. Number of SERs On-Hand But Not Yet Paid (Amount and Count should be Included in Items 16A and 16B)

12	\$ 92,113	12.	151 142
13	\$ 587	13.	6
12 - 13 =			
14	\$ 91,587		
15.	\$ -0-		
18.	\$ -0-	16.	-0-
14 + 15 + 16 =		12 + 16 =	
17	\$ 91,587	17.	151
18.	\$ 92,000		
17 - 18 =			
19	+ \$ 9,288		
20	\$ 1,402	20.	6
		21.	151
		22.	27
		21 + 22 =	
		23.	151 142
		24.	-

Official responsible for this PROGRESS REPORT (Report must be signed and mailed to P O Box 2468, WASHINGTON, D. C. 20313)

5 Name M. WAYNE MURI

6 Title Business Manager

7 Phone (406) 232-3031

8 SIGNATURE

WARNING: Any person who knowingly makes a false statement or misrepresentation on this form may be subject to a fine of up to \$10,000 or to imprisonment of up to 5 years or to both under provisions of the United States Criminal Code. Such provisions may include among others 18 U.S.C. 1001 and 1003.
ED FORM 255-3, 6/81 (20 USC 1070a, 34 CFR 690.84)

INSTITUTION COPY

